



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
ALAN G. LANCE

September 11, 1998

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VIA FED EX

Office of the Secretary
Federal Communications Commission
1919 M Street, NW, RM 222
Washington, D.C. 20554

RE: CC Docket No. 96-45, DA 98-1691

Dear Secretary:

Enclosed for filing is an original and six copies of the Idaho Public Utilities Commission's comments in the above referenced case. Please acknowledge receipt of this document by date stamping the duplicate copy of this letter and returning it in the enclosed self-addressed, stamped envelope.

Sincerely,

Cheri C. Copsey

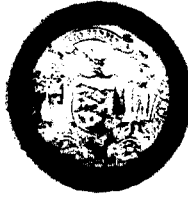
Cheri C. Copsey
Deputy Attorney General

Enclosure

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September 11, 1998

International Transcription Services, Inc.
1231 20th Street NW
Washington, DC 20036

RE: CC Docket No. 96-45, DA 98-1691

Enclosed is a copy of the Idaho Public Utilities Commission's comments filed with the Federal Communications Commission in the above referenced docket.

Sincerely,

A handwritten signature in cursive script that reads "Cheri C. Copsey".

Cheri C. Copsey
Deputy Attorney General

Enclosure

bls/L:fcc.cc3



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
ALAN G. LANCE

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September 11, 1998

Sheryl Todd
Common Carrier Bureau
Federal Communications Commission
2100 M Street NW, 8th Floor
Washington, DC 20554

RE: CC Docket No. 96-45, DA 98-1691

Enclosed is a copy of the Idaho Public Utilities Commission's comments filed with the Federal Communications Commission in the above referenced case.

Sincerely,

Cheri Copsey bbs

Cheri C. Copsey
Deputy Attorney General

Enclosure

bbs/Lfcc.cc3

**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

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**IN THE MATTER OF THE JOINT PETITION FOR)
AGREEMENT WITH DESIGNATION OF RURAL)
COMPANY ELIGIBLE TELECOMMUNICATIONS)
CARRIER SERVICE AREAS AT THE EXCHANGE)
LEVEL FILED BY THE WASHINGTON UTILITIES) CC DOCKET NO. 96-45
AND TRANSPORTATION COMMISSION, ASOTIN)
TELEPHONE COMPANY, CENTURY TEL OF) DA 98-1691
COWICHE, ELLENSBURG TELEPHONE COMPANY,)
CENTURYTEL OF WASHINGTON, HAT ISLAND)
TELEPHONE COMPANY, HOOD CANAL TELEPHONE)
CO., INC., INLAND TELEPHONE COMPANY, KALAMA)
TELEPHONE COMPANY, LEWIS RIVER TELEPHONE)
COMPANY, MASHELL TELECOM, INC., McDANIEL)
TELEPHONE COMPANY, PEND OREILLE)
TELEPHONE COMPANY, PIONEER TELEPHONE)
COMPANY, ST. JOHN, CO-OPERATIVE TELEPHONE)
AND TELEGRAPH COMPANY, TENINO TELEPHONE)
COMPANY, THE TOLEDO TELEPHONE CO., INC.,)
UNITED TELEPHONE COMPANY OF THE)
NORTHWEST, WESTERN WAHKIAKUM COUNTY)
TELEPHONE COMPANY, WHIDBEY TELEPHONE)
COMPANY AND YELM TELEPHONE COMPANY.)
_____)**

**THE IDAHO PUBLIC UTILITIES COMMISSION'S COMMENTS FILED IN
RESPONSE TO THE JOINT PETITION OF WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION AND
TWENTY RURAL TELECOMMUNICATIONS COMPANIES**

In response to the Federal Communications Commission ("FCC") public notice issued August 24, 1998, the Idaho Public Utilities Commission files its written comments concerning the Joint Petition filed by the Washington Utilities and Transportation Commission ("WUTC") and twenty rural telecommunications companies¹ ("Petitioners").

¹ Asotin Telephone Company, CenturyTel of Cowiche, Ellensburg Telephone Company, CenturyTel of Washington, Hat Island Telephone Company, Hood Canal Telephone Co., Inc., Inland Telephone Company, Kalama Telephone Company, Lewis River Telephone Company, Mashell Telecom, Inc., McDaniel Telephone Company, Pend Oreille Telephone Company, Pioneer Telephone Company, St. John, Co-operative Telephone and Telegraph Company,

On August 17, 1998, the Petitioners' requested the FCC concur with the WUTC's decision to designate the eligible telecommunications carrier service areas for these rural incumbent local exchange carriers at the exchange level. Because WUTC's designation differs from the established "study areas" of those rural companies designated as eligible telecommunications carriers under section 214(e)(5) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 U.S.C. § 214(e)(5), and 47 C.F.R. § 54.207, the FCC is required to concur in the WUTC decision. The Petitioners' contended that, among other things, granting the Petition would encourage competition in rural areas in Washington state by limiting the requirement that competitors enter into an incumbent's entire "study area," which may include widely dispersed exchanges. They also contended that designating the exchange level as the service area would minimize the incentive for competitors to seek and serve only low cost customers within a given rural exchange. In addition, pursuant to 47 C.F.R. § 1.3, the Petitioners' also petitioned the FCC for a waiver of the FCC's existing method of "porting" available universal service funds set forth in 47 C.F.R. § 54.307 and for approval of a proposed alternative methodology.

The Idaho Public Utilities Commission has statutory authority to implement the provisions of the Federal Telecommunications Act of 1996 ("Telecom Act"), to designate eligible telecommunications carriers ("ETCs") for the purposes of receiving Federal USF and to establish the service area for the purpose of determining universal service obligations and support mechanisms. 47 U.S.C. § 214(e)(5). However, in the case of an area served by a rural telephone company, that "service area" is the rural company's "study area" unless and until the FCC and the state commission establish a different definition of service area for that company after taking into account recommendations of a Federal-State Joint Board. *Id.* Therefore, because the Idaho Public Utilities Commission has authority to establish a different definition of service area for a rural company with the concurrence of the FCC, it is interested in this Petition and files these comments in support.

The Telecom Act has at least two important and distinct purposes -- to promote the availability of FCC designated core universal services to customers within certain geographic areas and to encourage competition and foster customer choices. Universal support should be made

Tenino Telephone Company, The Toledo Telephone Co., Inc., United Telephone Company of the Northwest, Western Wahkiakum County Telephone Company, Whidbey Telephone Company, and Yelm Telephone Company.

available to companies serving customers in high-cost areas to preserve access to universal services through competition that will eventually result in lower customer prices. Universal service funding is necessary to both maintain incumbent service in those areas, as well as, to induce competitive entry by other carriers. Therefore, in any decision to change the definition of service area for a rural company, both the state commission and the FCC should consider these two goals. The Idaho Public Utilities Commission believes that state commissions are uniquely situated to assess and weigh both of these considerations.

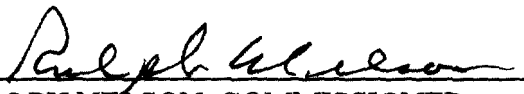
State commissions are directly familiar with the geography, the competitive forces, customer demands, population forecasts and other individual factors that should be considered in determining whether the definition of a rural company's service area should be changed. For example, in this case, the WUTC stated it considered several relevant and appropriate factors (i.e., most Washington rural companies are multi-exchange rural telephone companies, a large number have non-contiguous rural service territories and many of the non-rural companies serve areas "just as rural as the territory served by rural companies"). Because state commissions have this direct knowledge, the Idaho Public Utilities Commission urges the FCC to give a state commission's definition great weight in considering any state commission petition for the FCC's concurrence in establishing a new service area for a rural company.

The Idaho Public Utilities Commission will not substitute its judgment regarding the merits of WUTC's underlying decision to designate the particular rural companies' service areas as each company's individual exchange; the determination of what geographic area is appropriate is dependent on the individual facts before each state commission. The Idaho Public Utilities Commission defers to the WUTC's expertise in determining what service area will best promote the availability of FCC designated core universal services to customers and encourage competition and foster customer choices. Therefore, the Idaho Public Utilities Commission urges the FCC to approve the Petition. Likewise, the Idaho Public Utilities Commission expresses no opinion on the Petitioners' request for a waiver of the FCC's existing method of "porting" available universal service funds set forth in 47 C.F.R. § 54.307.

The Idaho Public Utilities Commission supports this Petition.


Respectfully submitted this 11th day of September 1998.


DENNIS S. HANSEN, PRESIDENT


RALPH NELSON, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Myrna J. Walters
Commission Secretary

M:wa-idaho.cmt